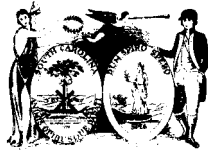


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

April 5, 2002

Ms. Lela Mayer, Administrator
Winyah Convalescent Center
Post Office Box 8247
Georgetown, South Carolina 29440

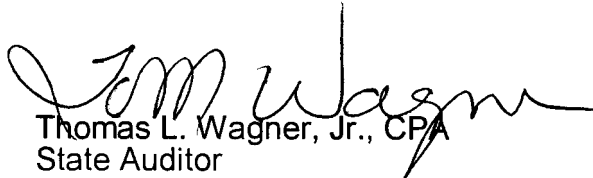
Re: AC# 3-WIN-J9 – Winyah Convalescent Center

Dear Ms. Mayer:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1998 through September 30, 1999. That report was used to set the rate covering the contract period beginning October 1, 2000.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Joseph P. Hayes

**WINYAH CONVALESCENT CENTER
GEORGETOWN, SOUTH CAROLINA**

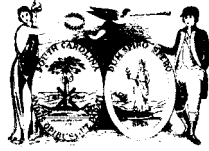
**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2000
AC# 3-WIN-J9**

**AGREED-UPON PROCEDURES REPORT
ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES		1
COMPUTATION OF RATE CHANGE FOR THE CONTRACT PERIOD BEGINNING OCTOBER 1, 2000	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2000 THROUGH SEPTEMBER 30, 2001	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 1999	C	5
ADJUSTMENT REPORT	1	7

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

February 26, 2002

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Winyah Convalescent Center, for the contract period beginning October 1, 2000, and for the twelve month cost report period ended September 30, 1999, as set forth in the accompanying schedules. The management of Winyah Convalescent Center is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Winyah Convalescent Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report and Summary of Costs and Total Patient Days sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Winyah Convalescent Center dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
February 26, 2002

These agreed-upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.


Thomas L. Wagner, Jr., CPA
State Auditor

WINYAH CONVALESCENT CENTER

Computation of Rate Change
For the Contract Period
Beginning October 1, 2000
AC# 3-WIN-J9

10/01/00-
09/30/01

Interim reimbursement rate (1)	\$96.62
Adjusted reimbursement rate	<u>93.68</u>
Decrease in reimbursement rate	\$ <u><u>2.94</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated January 25, 2002

WINYAH CONVALESCENT CENTER
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 2000 Through September 30, 2001
AC# 3-WIN-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$40.71	\$53.99	
Dietary		11.88	10.56	
Laundry/Housekeeping/Maint.		<u>8.75</u>	<u>9.12</u>	
Subtotal	\$ <u>5.16</u>	61.34	73.67	\$61.34
Administration & Med. Rec.	\$ <u>1.71</u>	<u>9.49</u>	<u>11.20</u>	<u>9.49</u>
Subtotal		70.83	<u>\$84.87</u>	70.83
<u>Costs Not Subject to Standards:</u>				
Utilities		1.91		1.91
Special Services		.84		.84
Medical Supplies & Oxygen		5.63		5.63
Taxes and Insurance		1.50		1.50
Legal Fees		<u>.16</u>		<u>.16</u>
TOTAL		<u>\$80.87</u>		80.87
Inflation Factor (3.20%)				2.59
Cost of Capital				6.20
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				1.71
Cost Incentive				5.16
Effect of \$1.75 Cap on Cost/Profit Incentives				(5.12)
Nurse Aide Staffing Add-On 10/01/99				1.64
Nurse Aide Staffing Add-On 10/01/00				<u>.63</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$93.68</u>

WINYAH CONVALESCENT CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1999
AC# 3-WIN-J9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,205,435	\$ -	\$ 7,200 (2)	\$1,198,235
Dietary	349,601	-	-	349,601
Laundry	51,396	-	12,384 (3)	39,012
Housekeeping	154,695	-	-	154,695
Maintenance	107,141	-	43,406 (1)	63,735
Administration & Medical Records	279,363	-	-	279,363
Utilities	56,271	-	-	56,271
Special Services	45,812	-	21,076 (4)	24,736
Medical Supplies & Oxygen	165,803	-	-	165,803
Taxes & Insurance	44,121	-	-	44,121
Legal Fees	4,767	-	-	4,767
Cost of Capital	<u>182,520</u>	<u>-</u>	<u>-</u>	<u>182,520</u>
Subtotal	2,646,925	-	84,066	2,562,859

WINYAH CONVALESCENT CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1999
AC# 3-WIN-J9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	47,009	-	-	47,009
Non-Allowable	243,526	7,200 (2)	-	284,186
		12,384 (3)		
	<u> </u>	<u>21,076</u> (4)	<u> </u>	<u> </u>
Total Operating Expenses	<u>\$2,937,460</u>	<u>\$40,660</u>	<u>\$84,066</u>	<u>\$2,894,054</u>
Total Patient Days	<u>29,434</u>	<u>-</u>	<u>-</u>	<u>29,434</u>
TOTAL BEDS	<u>84</u>			

WINYAH CONVALESCENT CENTER
Adjustment Report
Cost Report Period Ended September 30, 1999
AC# 3-WIN-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Accounts Payable Maintenance	\$43,406	\$43,406
	To remove expense not applicable to the current period HIM-15-1, Sections 2302.1 and 2305		
2	Nonallowable Restorative	7,200	7,200
	To adjust owner's compensation State Plan, Attachment 4.19D		
3	Nonallowable Laundry	12,384	12,384
	To adjust laundry purchase service cost HIM-15-1, Section 1005		
4	Nonallowable Special Services	21,076	21,076
	To adjust co-insurance for Medicare Part B services State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	<u>\$84,066</u>	<u>\$84,066</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

2 copies of this document were published at an estimated printing cost of \$1.29 each, and a total printing cost of \$2.58. The FY 2001-02 Appropriation Act requires that this information on printing costs be added to the document.